

Generally, hotels in Illinois incur a Use Tax liability upon items of tangible personal property, such as toiletries, they purchase for the purpose of supplying to guests, whether these items are automatically placed into the guest rooms or are available at the front desk or lobby area. (See 35 ILCS 105/1 et seq.) (This is a GIL).

September 7, 1999

Dear Mr. Xxxxx:

This letter is in response to your letter dated June 11, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

COMPANY Own and operate a chain of hotel's throughout the United States. We do our best to comply with all state sales/use tax laws and regulations. We self assess use tax not charged us on taxable purchases and also try to utilize all applicable exemptions afforded to us.

For example, Ohio allows us the 'resale' exemption on all items of tangible personal property purchased for our guests for use in the rooms. Other state's allow the 'resale' exemption for the purchase of personal hygiene items, such as disposable paper, soap, facial tissue, shoeshine cloths, shampoo, toiletries, etc. Also, tangible personal property that is used up, removed, or otherwise consumed during the occupation of the rooms, lodging or accommodations or is rendered nonreusable by the property's first use by a guest during their occupation of the room, lodgings, or accommodations are consumed or rendered nonreusable are exempt from the tax.

At your earliest convenience, we would like to know if you allow any exemptions or similar exemptions of this type that we may claim on the purchase of such items for use by our guests in the guest room.

If you have any questions, you may contact me directly at ####.

Hotels in Illinois incur a Use Tax liability upon items of tangible personal property, such as toiletries, they purchase for the purpose of supplying to guests, whether these items are automatically placed into the guest rooms or are available at the front desk or lobby area. (See 35 ILCS 105/1 et seq.) Generally such purchases are not considered to be purchases for resale to guests.

September 7, 1999

Illinois registered vendors of hotel supply items incur Retailers' Occupation Tax liabilities upon sales and deliveries in Illinois, and they collect the corresponding Use Tax from their hotel customers. Hotels who purchase from unregistered out-of-State vendors must self-assess and pay the Use Tax directly to this Department. Hotels also incur a Use Tax liability upon items purchased for use in the guest rooms or other locations, such as furniture, lamps, etc.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Martha P. Mote
Associate Counsel

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Enc.